

FY2021 (Year ending March 2021)

Business Briefing



Yaris Cross

Date: May 21, 2021

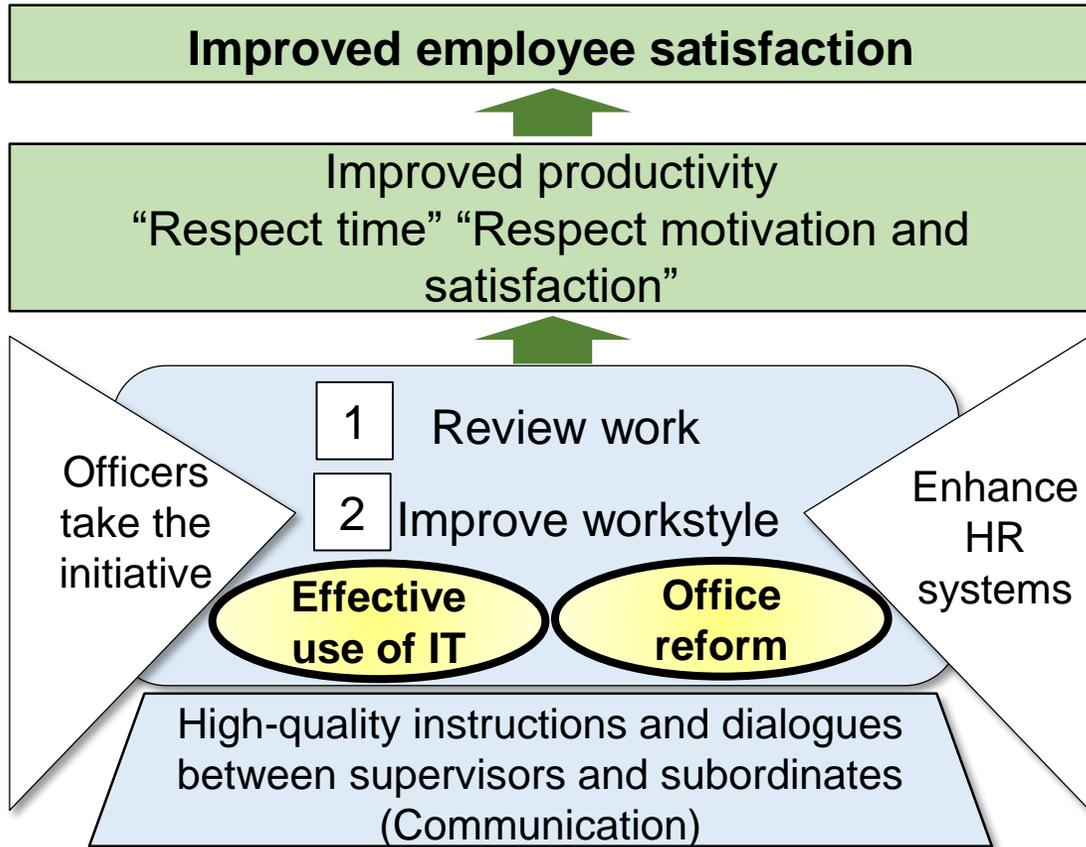


SIENNA

- ◆ I am Takeshi Numa, President of Toyota Boshoku.
Thank you very much for attending our business briefing for fiscal 2021.
- ◆ First of all, We would like to express our condolences to those any who experienced loss from the COVID-19 new coronavirus.
I also extend my sincere sympathies to those who are suffering from the disease, and at the same time express my heartfelt thanks to medical and social welfare professionals as well as those who are working to maintain our social life.

1. Measures against COVID-19

Actions to “vibrant workstyle innovation”

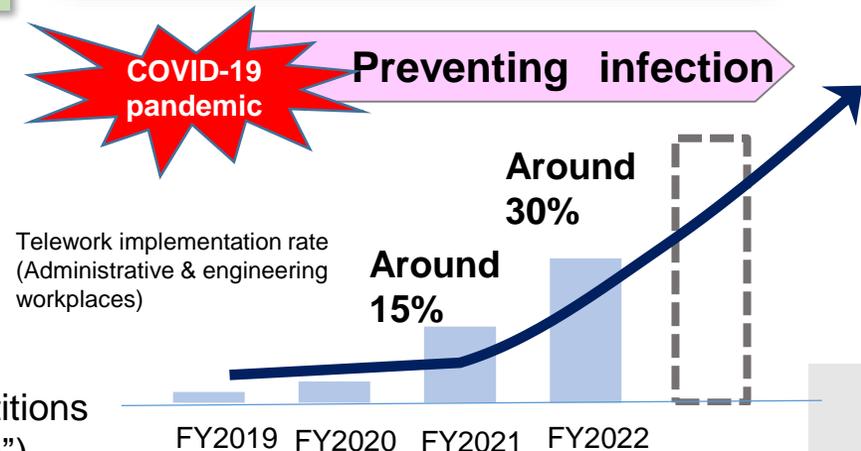


1 Improve workstyle

■ Promoting telework through effective use of IT and office reform



Splash prevention with partitions (To avoid the “Three Cs”)



- ◆ Since 2020, COVID-19 has been spreading worldwide. In response to this crisis, we have worked to continue our businesses by globally implementing measures to prevent infection by the virus.
- ◆ For example, we took various measures to prevent infection, such as avoiding the three Cs in the office and preventing any spread by using partitions.
- ◆ In addition, we made rapid progress in vibrant workstyle innovations and review of way of works, which are the pillars of "vibrant work style" actions.
- ◆ The first example of innovations in our working way is the promotion of telework, which started in April 2018. We have been able to further expand this program to prevent infection.

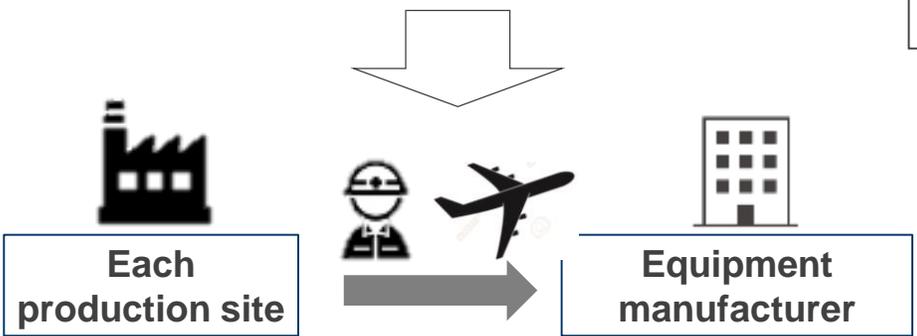
1. Measures against COVID-19

2 Review of the way to work

■ Remote function verification before and after the introduction of equipment by promoting DX

Before

Representatives gather from different sites to verify equipment functions



Time lag, loss from traveling, risk of infection

After

Verification of equipment functions from remote sites*

* Equipment specifications, operation/handling check, process capability, how to set conditions, etc.

MONOZUKURI Innovation Center
<Process development>

Equipment manufacturer
<Producing equipment>



**No travel
Remote handling**

Each production site
<Introducing equipment>



Reduction of loss from traveling and risk of infection



Live relay

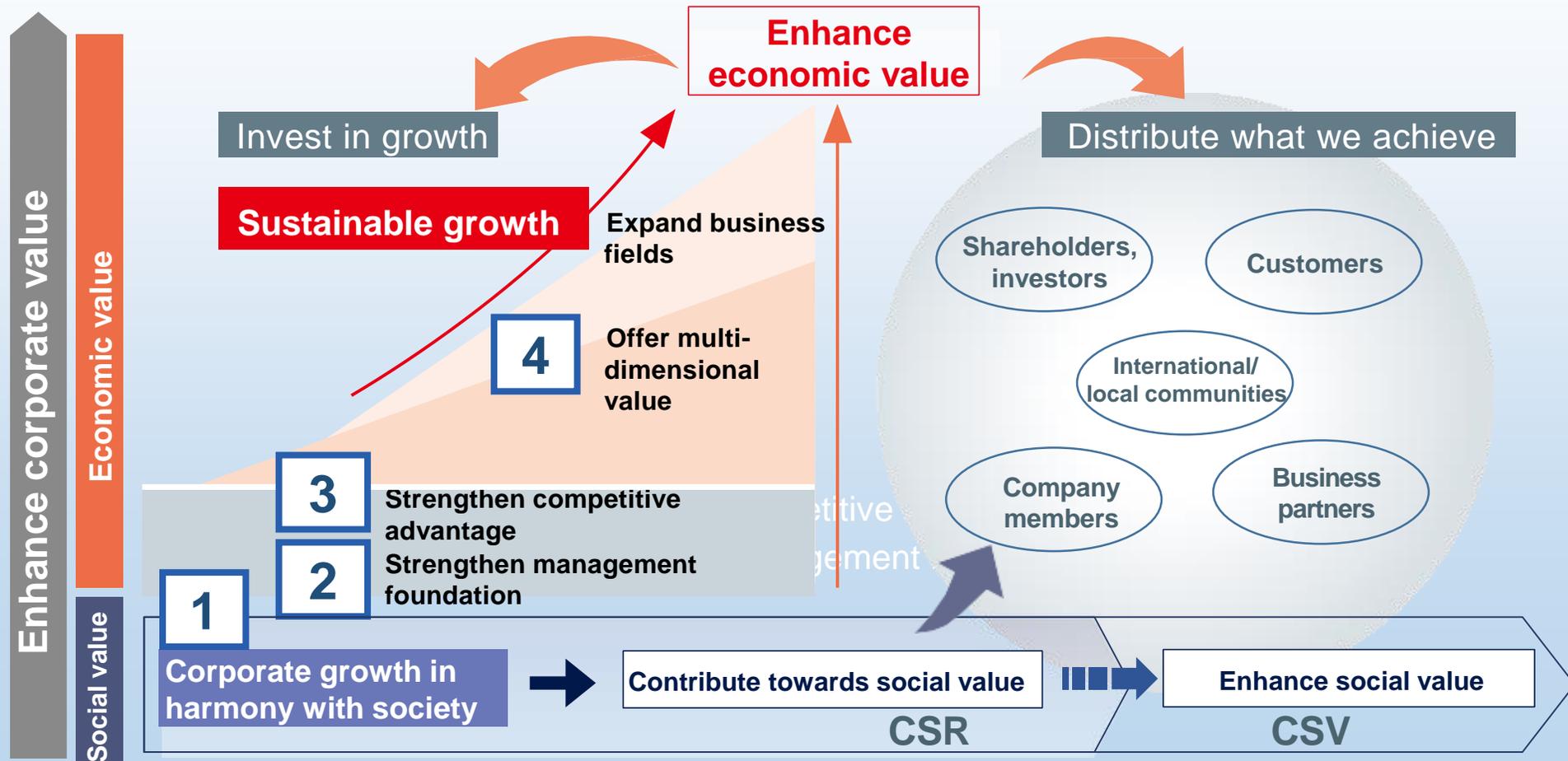


- ◆ Next , I would like to explain how we are promoting DX to verify functions before and after the introduction of equipment so far.
- ◆ We gathered equipment manufacturers from each production site to check the functions so far.
- ◆ We are now using digital technology to connect remote overseas sites, equipment manufacturers, and the Monozukuri Innovation Center by live broadcast, allowing us to check equipment operation, operability, and condition setting methods in real time without moving.
- ◆ As a result, we were able to avoid the risk of infection and fixed costs such as travel expenses.

2. Review of 2020 Mid-term Business Plan

The management structure we aim to achieve

We meet the expectations of our stakeholders through contributing to social values and properly distributing economic value as a good corporate citizen.



◆ Now, I will look back at our management aims from the perspective of the 2020 Mid-Term Business Plan such as

- ① Corporate growth in harmony with society
- ② Strengthening management foundation
- ③ Strengthening competitive advantage
- ④ Offering multi-dimensional value and expand business field

2. Review of 2020 Mid-term Business Plan

1 Corporate growth while fulfilling our responsibility in harmony with society

Major actions to improve CSR

(1) E < Environment >

① 2020 Environmental action plan

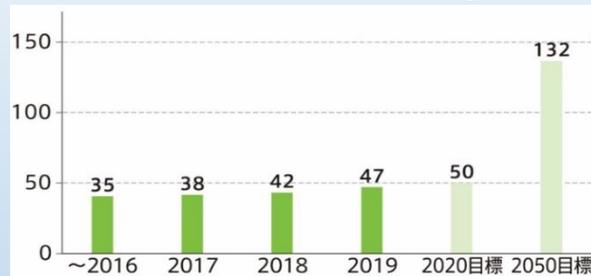
Formulated the environmental action plan as a five-year implementation plan and achieved all targets for 2020.

<An example of the action plan>



6 Challenges of planting 1.32 million trees as part of reforestation activities (132nd anniversary for establishment of business)

Goal : Number of trees planted (cumulative total) 500,000 trees
⇒ Result : 530,000 trees



② Result of the third-party assessment

Selected as the “highest rating” in the Supplier Engagement Rating conducted by CDP※1



※1 CDP is an NGK established in the U.K. in 2000. It operates a global information disclosure system.

(2) S < Social >

Among 8 items of the target KPIs, 2 items have shown improvement, and the remaining 6 items have stayed same level.

<An example of the action plan>

1) Actions to improve vibrant KPIs

- ① Greeting Activity
- ② Promoting the “Quit, reduce, and change” activity
- ③ Promoting telework
- ④ Improving business quality by promoting TQM activities

～「Quit・Reduce・Change」Activity～



inventory of work (determining whether it is necessary or not), review of meetings

(Result) By FY2020 Reduce working hours by 5 hours per person per month.

(3) G < Corporate governance >

Achieved all the 4 KPI targets (zero violation cases, etc)

<An example of the action plan>

1) Actions to take countermeasures against confidential information leakage

- (1) Establishment of the Basic Policy on Information Security
- (2) Implementation of targeted email training and e-learning.

2) Actions to improve supplier satisfaction

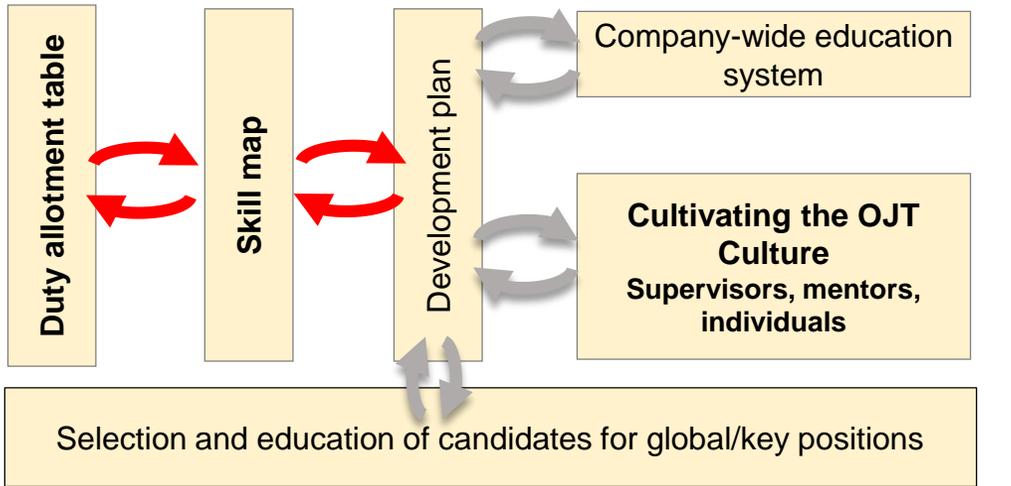
- (1) Quality committee
- (2) CSR committee
- (3) Safety committee
- (4) Video distribution and remote holding of suppliers' general meetings and regular meetings (bimonthly)

- ◆ To achieve “Corporate growth while fulfilling our responsibility in harmony with society”, we have worked to improve our CSR initiatives.
- ◆ Firstly, in the field of the environment, we worked to achieve the six challenge goals of the 2050 Environmental Vision and were selected for the "Leader Board," the highest rating in the Supplier Engagement rating.
- ◆ Secondly, in the social field, we were also able to improve vibrant KPIs under Covid-19 to improve employees' enjoyment of working.
- ◆ Lastly, in the Corporate Governance field, we achieved our corporate goal of being trusted by stakeholders in a transparent and in a fair manner by implementing measures to improve compliance, such as prevention of leakage of confidential information, and actions to increase supplier satisfaction.

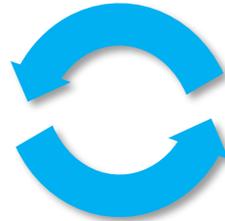
2. Review of 2020 Mid-term Business Plan

2 Strengthen management foundation Develop global human resources capable of contributing to enhancing corporate value

(1) Develop the structure on personal training and effective use of competency

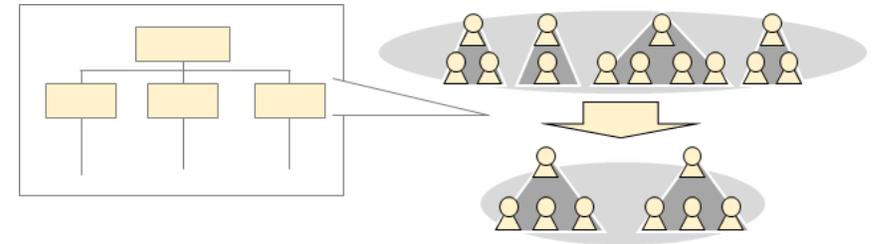


Organization that nurtures personnel



Making maximum use of individual abilities

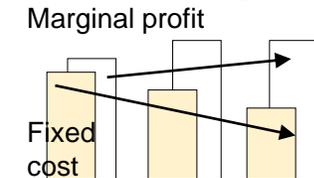
(2) Optimization and standardization of organizational development



Management span guidelines and organizational templates of an overall global organization.

(3) Proper personnel plan

Global personnel guidelines to achieve BEP of 70%



[Base] GHR Platform (global common HR system)

- ◆ Next, for strengthening management foundation, we have devoted efforts to developing global human resources capable of contributing to enhancing corporate value.

- ◆ Based on the global common human resources system,
 - (1) Standardize work procedures based on Duty allotment table, and then conduct self diagnosis using skill maps, and lastly reflect the results in training plans

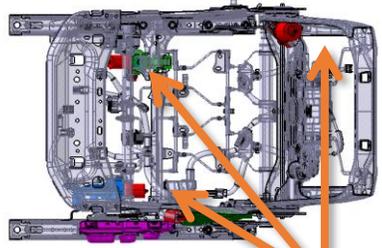
 - (2) Use appropriate organizational templates to establish guidelines for management spans, and (3) in order to achieve the target of 70% BEP, we have implemented a deployment plan based on the global personnel guidelines. As a result of this activity, the BEP became 78% in FY2021.

2. Review of 2020 Mid-term Business Plan

3 Strengthen competitive advantage

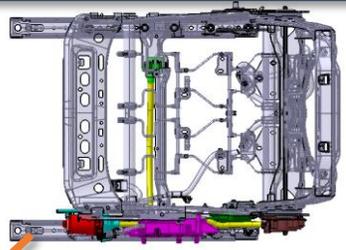
(1) 1-motor power seat Newly developed gear box

<General power seat>



Reduced motors, W/H and other parts that were set for each function

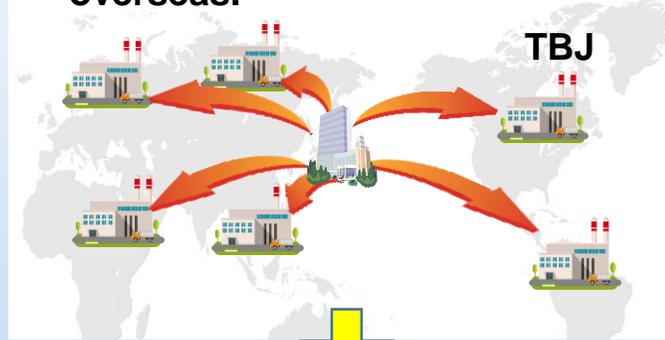
<Developed product>



Reduced motors to one by using a clutch box to distribute power

Realized a seat functionally equivalent to Power 6 way with "1-motor"

(2) Improving development efficiency Promoting self-efficient operation of R&D overseas.



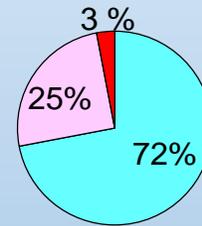
* Established in Sep. 2020



Control Collaboration



- Toyota, strategic OEMs
- Advanced/preceding development
- Local OEMs



In addition to development mainly In Japan, strengthened collaboration through the R&D Steering Committee

(3) Demonstration experiment for autonomous driving Participated in Aichi Prefecture's project for the social implementation of autonomous driving with "MOOX" @Aichi Expo Memorial Park

- ① Tailored interior space that satisfies needs for diverse services
- ② Providing contents linked to vehicle location information, and five-sense control system
- ③ Occupant status monitoring and sterilizing system to provide safe services



Confirmed market acceptability of providing new values while moving.

- ◆ Next, to strengthen competitive advantage,
- ◆ We aim to adopt our seat broadly by reducing the number of power parts to reduce vehicle weight and to lower price. So we developed a new gear box to realize a 1-motor power seat with functionally equivalent to the 6-way power seat.
- ◆ Through the self-efficiency of overseas R&D, our R&D has improved the efficiency of development and has been able to have strong global connections due to conducting R&D steering committee.
- ◆ We participated in Aichi Prefecture's project for the social implementation of autonomous driving with our “MOOX” , autonomous vehicle interior concept space, and confirmed the market acceptability for new values provided while moving.

2. Review of 2020 Mid-term Business Plan

4 Offer multi-dimensional value / Expand business fields

(1) Motor core for HV

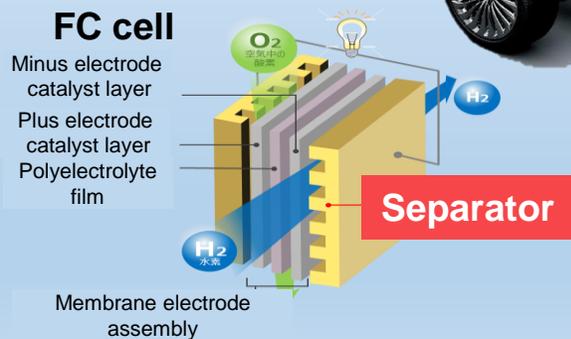
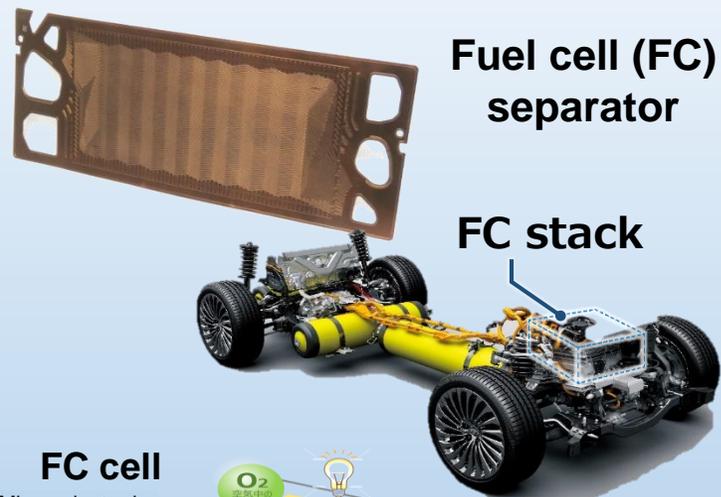
Building a highly extensible production system



Production line completed and mass production started

(2) Separator for FC stack

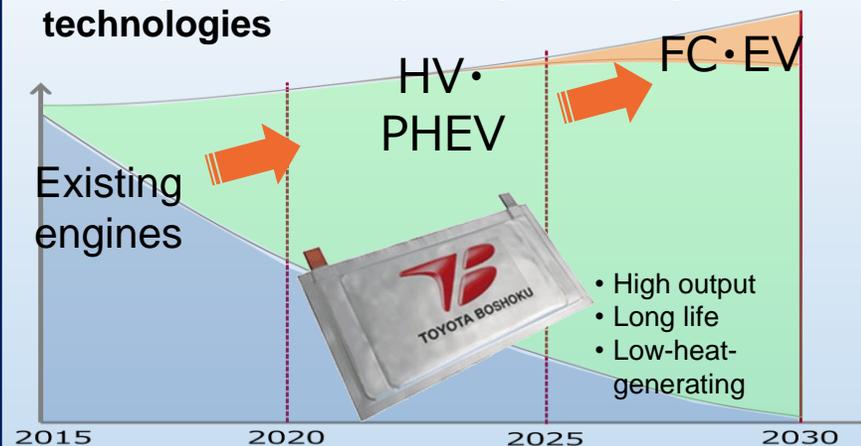
Utilizing our unique precision press and mold technologies



Secured a productive capacity 10 times what we have so far

(3) LI-batteries

Utilizing our spinning and precision press technologies



Our productive capacity on the pilot line improved

- ◆ Next, in efforts to offer multi-dimensional value and expand business fields:
- ◆ (1) For the motor cores for the hybrid system adopted for the new Yaris, we completed the production line for mass production at the Kariya Plant and have begun their delivery.
- ◆ (2) We were able to produce fuel cell stacks quickly by substantially reducing the process for forming the path for hydrogen and cooling water to flow through the separator. The separator was adopted for the new MIRAI.
- ◆ (3) As for our unique lithium-ion secondary batteries, we have begun production on a pilot line installed in the Kariya Plant by utilizing our spinning and precision press technologies.

2. Review of 2020 Mid-term Business Plan

1) Financial results

2 **3** **4**
(100 million yen)

	FY2020 Actual	FY2021 Actual
Revenue	13,726	12,721
Operating profit	477	571
Operating profit margin	3.5%	4.5%
ROE	8.5%	10%
Equity ratio	37.3%	39.6%
Net asset	3,217	3,696
Dividend payout ratio	40.6%	27.0%
Capital Investment	587	467
R&D costs	459	418

Despite the production cutback due to the Covid-19, Increase in profit compared to the previous year due to strengthening of the business structure

2) Non-financial results

1  : Improved from previous FY () : FY2020 Result

	E (Environmental)	S (Social)	G (Corporate governance)	
Major KPIs	CO2 emissions (total volume) 	283.8t Down 5% from FY2020	Rate of female managers 2.0% (1.9%)	Compliance with timely and appropriate disclosure (Timely disclosure rate) 100% (100%)
	Renewable energy introduction rate	2% (Compared to FY2020: -)	Employment rate of persons with disabilities 2.39% (2.21%)	
	Logistics CO2 emissions (total volume) 	10,389 t (Down 3.5% from FY2020)	Rate of foreigners in G2 or higher positions 0.12% (0.11%)	Number of confidential information leaks 0 (0)
			Vibrant workstyle KPI (work motivation) positive rate 	
	Waste generation (per unit) 	2.58 t/1,000 units (Down 3% from FY2020)	Number of fatal accidents 0 (0)	Number of serious legal violations 0 (0)
			Rate of participation in QC circle 	
	Water usage (per unit) 	0.22/km ² units (Down 18% from FY2020)	Number of environmental abnormalities and complains 1 (1)	Supplier satisfaction Injustice reports: 0 (same as above)
			Sustainable tax payments to local or national authorities Taxes paid in all relevant countries (same as above)	

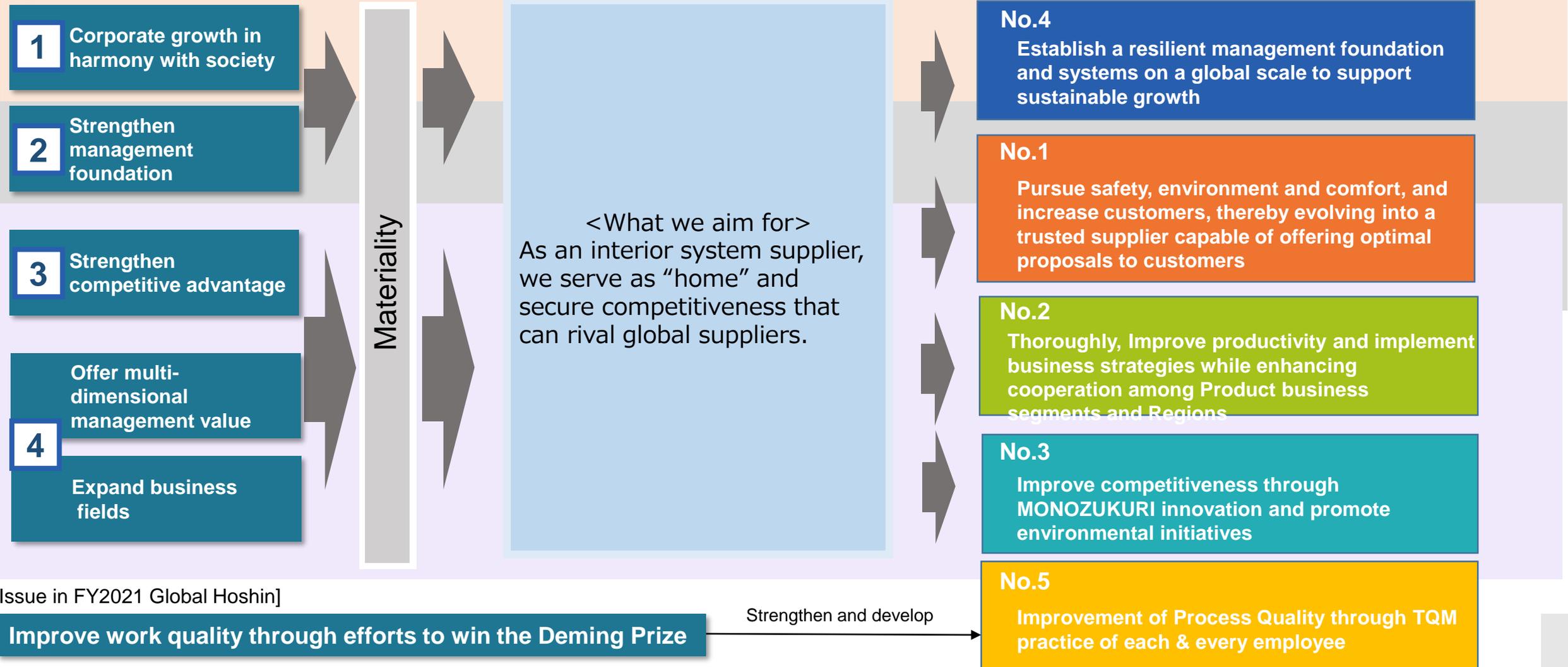
CO2 emissions and other environmental and corporate value KPIs improved year on year.

- ◆ As a result of these efforts, our financial results for fiscal 2021 are as follows. Revenue was 1,272.1 billion yen, a 100.4 billion yen decrease from the previous year. Operating profit was 57.1 billion yen, a 9.3 billion yen increase from the previous year, with an operating margin of 4.5%.
- ◆ Without Covid-19, operating income would have been 71.3 billion yen. Despite the production reduction due to Covid-19, our earning power has improved, and we have increased our profit compared to the previous year. We now have the ability to achieve our future goals.
- ◆ Regarding the non-financial results for FY2021, it has been improved compared to the previous year against the KPI items of social value in the 2025 Mid-term Business Plan which we announced in the IR in November last year.

3. Concept of Actions for FY2022

Actions for FY2022 based on the 2025 Mid-term Business Plan

Issues from the 2020 Mid-term Business Implementation Plan



- ◆ Next, I have listed five initiatives for fiscal 2021 from the 2025 Mid-Term Business Plan based on materiality.

No. 1 is “Pursue safety, environment and comfort, and increase customers, thereby evolving into a trusted supplier capable of offering optimal proposals to customers.”

No. 2 is “Thoroughly, Improve productivity and implement business strategies while enhancing cooperation among Product business segments and Regions.”

No. 3 is “Improve competitiveness through MONOZUKURI innovation and promote environmental initiatives.”

No. 4 is “Establish a resilient management foundation and systems on a global scale to support sustainable growth.”

No. 5 is “Improvement of Process Quality through TQM practice of each & every employee.”

3. Concept of Actions for FY2022

Organizational structure for implementation of actions for FY2022 1 2 3 4 5 : Corresponding action No. in FY2022

1. Revision of the executive officer system

- (1) Introduce **Chief Officers system** with a view to promoting cross-functional collaborations and expediting management decision-making and execution
- (2) To promote organizational improvement, **proactively appoint young employees in KANBUSHOKU positions(G0,G1)** who are competent in specialized fields as **Field Chief or Center Chief**



2. Major organizational changes

In response to management issues

- (1) Accelerate efforts to **become an Interior Space Creator**...Interior Space Visioneering Center(reorganized)
- (2) Utilize **digital transformation(DX)** ...DX&IT Promotion Field(newly established)
- (3) **Integrated management of logistics** from suppliers to plants...Logistics Field(newly established)
- (4) Promote **carbon neutral** ...Carbon Neutral Environment Division(reorganized)
- (5) **Streamline** overlapping functions ...Japan Region Plant Management Segment(reorganized)

CTO	1
CISO	3
CMO	3
CMO/CTO	3
CMO	3

- ◆ In order to achieve the 2021 Global Hoshin and the 2025 Mid-term Business Plan, we have reviewed our organizational structure.
- ◆ As for the executive officers structure, we have introduced the Chief Officers system to promote cross-functional collaborations by expediting management decision-making and execution
- ◆ In addition, to promote organizational improvement, we proactively appointed young KANBUSHOKU employees who are competent in specialized fields such as Field Chief or Center Chief to take on challenges.
- ◆ Moreover, we advanced organizational changes so that we can properly address management issues, such as utilizing digital transformation and promoting carbon neutral.

4. Actions for FY2022

Action No. 1

Pursue innovation for next-generation seat devices

Materiality No. 3

(1) Long slide rail

The front-rear movable load mechanism has significantly improved

First in the world



While adjusting the front slide, forward sliding by the seat's own weight can be inhibited.

When long slide is operated, seat can slide with little force.

Expected effect) Increase in revenue: 10 billion yen / FY2026

Sensor control

Multi-functions

2 Electrification



(2) 1-motor power seat

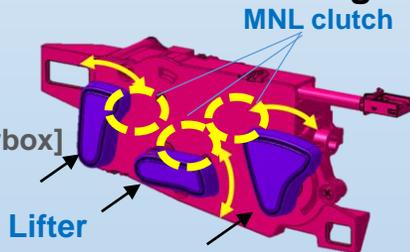
Realize the equivalent performance and lower price by reducing the number of power parts aiming to expand sales to broad range of vehicle models.

Expected effect) Increase in revenue: 2 billion yen / FY2026

First in the world

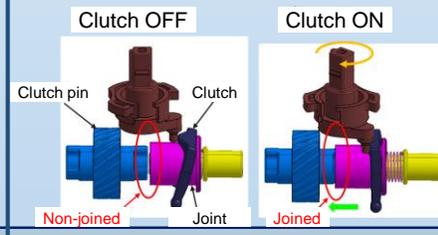
[Newly developed gearbox]

Reclining
Lifter



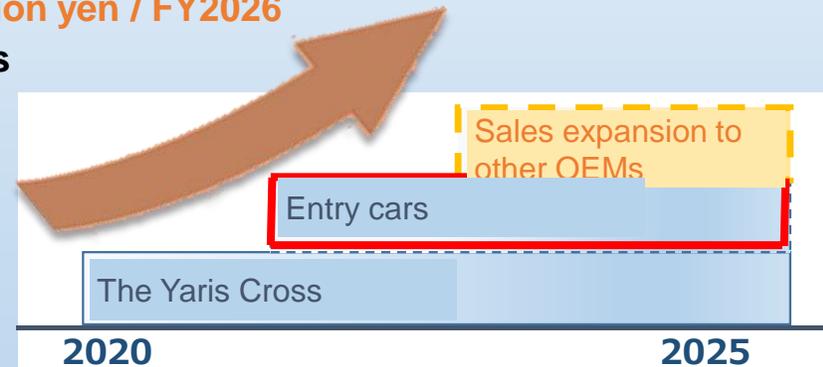
MNL clutch

MNL clutch operating part



Optimal production

Strengthen competitiveness



Advance design for each vehicle model to expand the range of applicable models and increase revenue

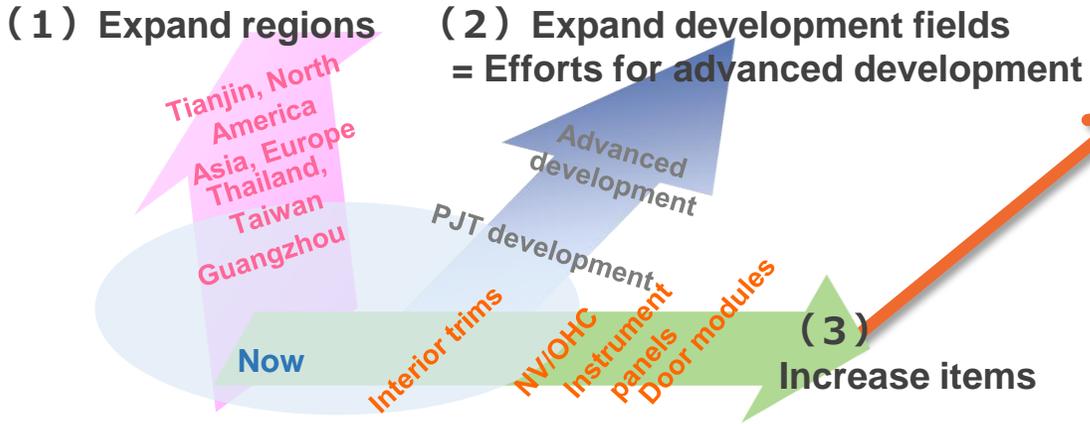
- ◆ Now, we would like to explain about specific actions for fiscal 2022.
Let me start with Action No. 1 “Pursue innovation for next-generation seat devices.”
- ◆ The first is about the long slide rail. This part enables long sliding of seats that have been adopted for minivans. We developed a slide load movable mechanism to the slide rail and the product operability has been substantially improved, which is the world’s first. It has already been adopted for the Sienna and we will advance electrification of the slide rail and further improve usability, to satisfy many more customers.
- ◆ The second is the 1-motor power seat. We aim to expand sales for a broader range of vehicles by enabling installation of power seats for lower-priced vehicles, which were conventionally designed only for manual seats.

4. Actions for FY2022

Action No. 1

Expand the interior SS field on a global scale

<Expanding business fields>



[Fig. 1 Efforts to expand fields]

● Adoption decided
○ Efforts for adoption being made

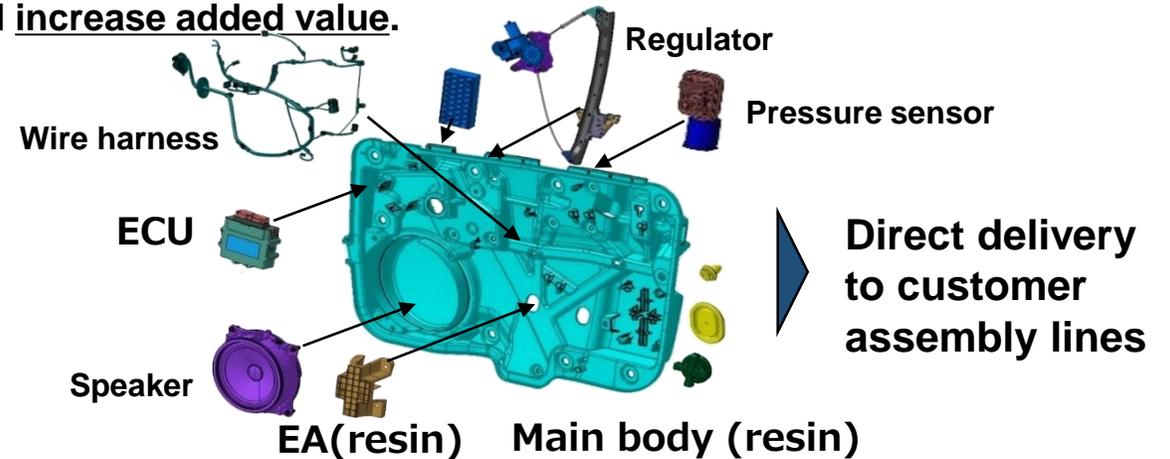
Vehicle model	SOP	(1) Region				(2) Development field	(3) Item		
		China	North America	Asia	Europe		NV OHC	Instrument panel	Door module
B	2023	-	●	-	-	●	●	○	○
C	2023	-	-	-	-	●	●	○	○
D	2023	-	-	-	-	●	●	○	○
E	2024	-	●	-	●	●	●	○	○

Expected effect) Increase in revenue: 30 billion yen / FY2026

3) Increase in the number of applicable items

<Introducing activity examples>

- ① Instrument panels: Acquiring skills and techniques in design, production and quality assurance in preparation for the future increase in applicable items
- ② Door modules: Putting wire harness, regulator and other necessary parts in modules to facilitate assembly of door trims and increase added value.



By advancing efforts to expand business fields, we will expand our capacity as an interior system supplier and serve as "home" in the interior area.

Script

- ◆ The next step is to expand the interior SS field on a global scale, which we promoted along three axes: regions, development, and products.
- ◆ Here, as examples of the actions for expansion of items, we will explain the cases of instrument panels and door modules.
- ◆ For instrument panels, we will promote the acquisition of skills and technologies in style-design, design, production, and quality assurance from OEMs in order to expand our product line up in the future.
- ◆ For door modules, we will put a wire harness, regulator and other necessary parts in modules and deliver them directly to assembly lines of customers, with the aim of increasing added value.
- ◆ We will thus continue to advance efforts to expand business fields and expand our capability as an interior system supplier with the aim of serving as “home” in the interior area.

4. Actions for FY2022

Action No. 1

As an interior space creator, establish a business model leading to further growth of Toyota Boshoku

Enhance advanced development (strengthen collaboration within Group)

Status of item development for MX191 exhibited at 2019 Tokyo Motor Show



While launching elemental technologies in advance, advance system development and demonstration tests, thereby respond to the autonomous driving market

- ◆ Next, We will explain about "building a business model that leads to TB's growth as an interior space creator.
- ◆ (1) The personal air conditioning system provides air to each customer optimally and efficiently with the built-in seat air conditioner and the air circulator in the ceiling module.
- ◆ (2) For the safety seat for autonomous driving vehicles, we developed a seat system incorporating the safety belt with the aim of ensuring safety and comfort during autonomous driving. We will continue to incorporate these elemental technologies into mass-produced vehicles.
- ◆ (3) Regarding the drowsiness Suppression Seat , we participated in a autonomous driving demonstration test held last fiscal year at Chubu International Airport and verified the effects. In the future, we will continue to promote trial use on commercial vehicles such as trucks and buses to facilitate commercialization.

4. Actions for FY2022

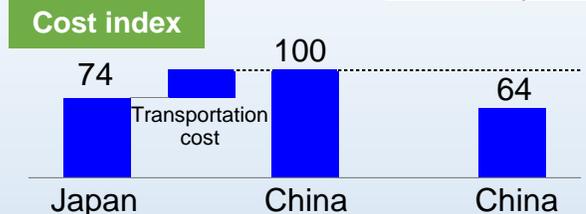
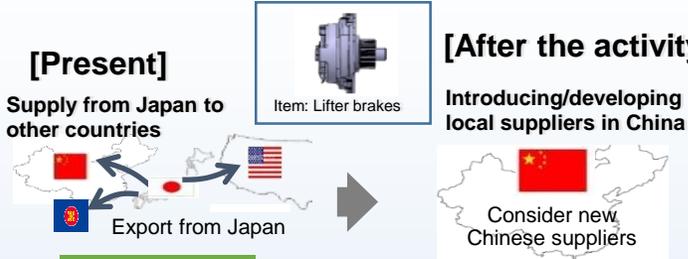
Action No. 2

Solidify foundation for global production and supply structures

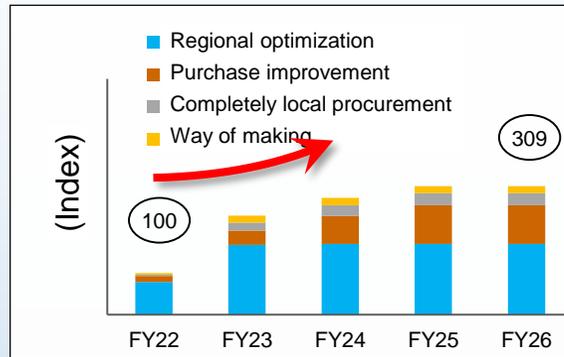
(1) Promote completely local procurement in Asia and China to raise marginal profit

Activity to develop new suppliers

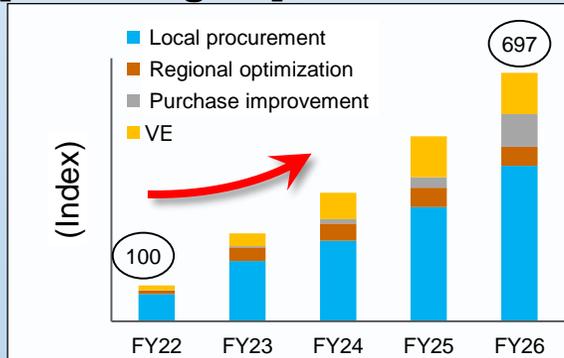
Case of promoting local procurement of lifer brakes



[Asia region] [Effects of cost reduction]



[China region] [Effects of cost reduction]



(2) Actions for completely local procurement

■ Effort to adopt lower-grade materials

For BCP

Case of difficulty in supply of PA66 material



<Present issues>

1) Difficulty in securing material 2) Price spike

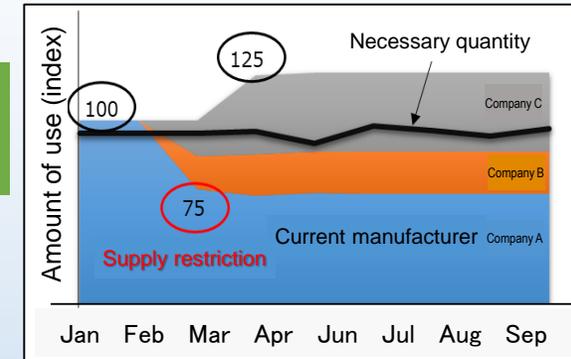
<Response>

STEP 1: Mutually complement materials between regions (to secure quantities)

(Measure)

Current Supplier A [Supplier B (added)
Supplier C (added)

[Securing necessary quantities]

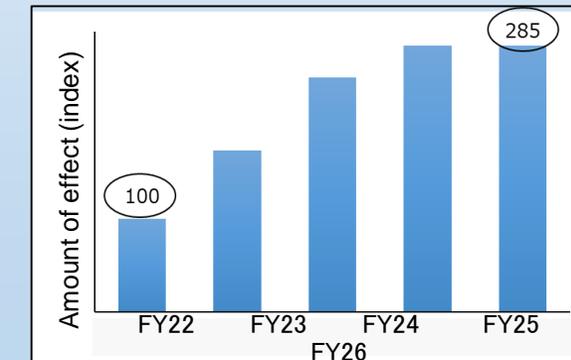


STEP 2: Change to more versatile, lower-priced material

(Measure)

PA66 → PA6

<Effects>



* "Completely local procurement" means to achieve local procurement of raw materials and difficult-to-produce parts.

- ◆ Next, I would like to explain about Action No. 2 “Solidify foundation for global production and supply structures.”

(1)As shown in the example of the "local procurement of lifter brakes", we will work together with local suppliers to procure parts with a high degree of difficulty for improving marginal profit. We will proactively promote cost improvement in Asia and China toward FY2025.

- ◆ As for completely local procurement, for STEP1, We will promote ordering from multiple suppliers to cope with the tight global demand for PA66 material and to stably secure the required volume. Trials of complementing each other's materials between regions have been completed.

Next, for Step 2, we will implement a shift to a more versatile material and improve our cost competitiveness globally throughout the supply chain in cooperation with our suppliers.

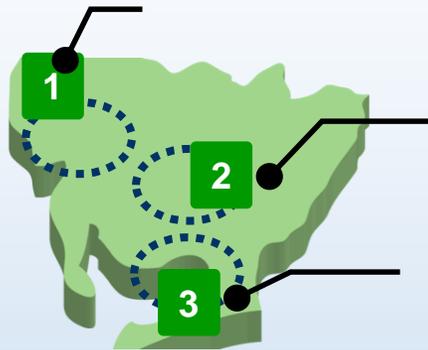
4.Actions for FY2022

Action No.3

Realize optimal production and supply systems globally

(1) Japan Region

[Actions for priority 3 regions]



[Toyota region]
Accelerate restructuring focusing on concentration of production processes and integration of logistics

[Streamlining of sites]



- Expand production restructuring including suppliers
- Accelerate CO2 emissions reduction through streamlining of logistics

(2) The Americas

[The Americas]

Process restructuring started in Indiana, Illinois, and Kentucky

	Door trims (implementation started)			Seat frames (implementation plan being examined)		
	Middle board (Rolling surface skin on base metal)	Upper board (vacuum forming)	Door Assy	Press, welding S/A	Welding Assy	Seat Assy
Process						
Present	Kentucky region	Illinois region Indiana region	Tennessee region	Illinois region Indiana region		
FY2022	Kentucky region	Illinois region	Tennessee region	Illinois region Indiana region		
After restructuring FY2024	Kentucky region	Illinois region (Door Assy only)	Tennessee region	Illinois region Indiana region		

Integrate into Kentucky region

Integrate into Tennessee region

• For door trims, we will integrate the injection molding and assembly processes in the Indiana region to Kentucky region.

• We will also integrate the seat frame production in the Illinois region to the Tennessee region.

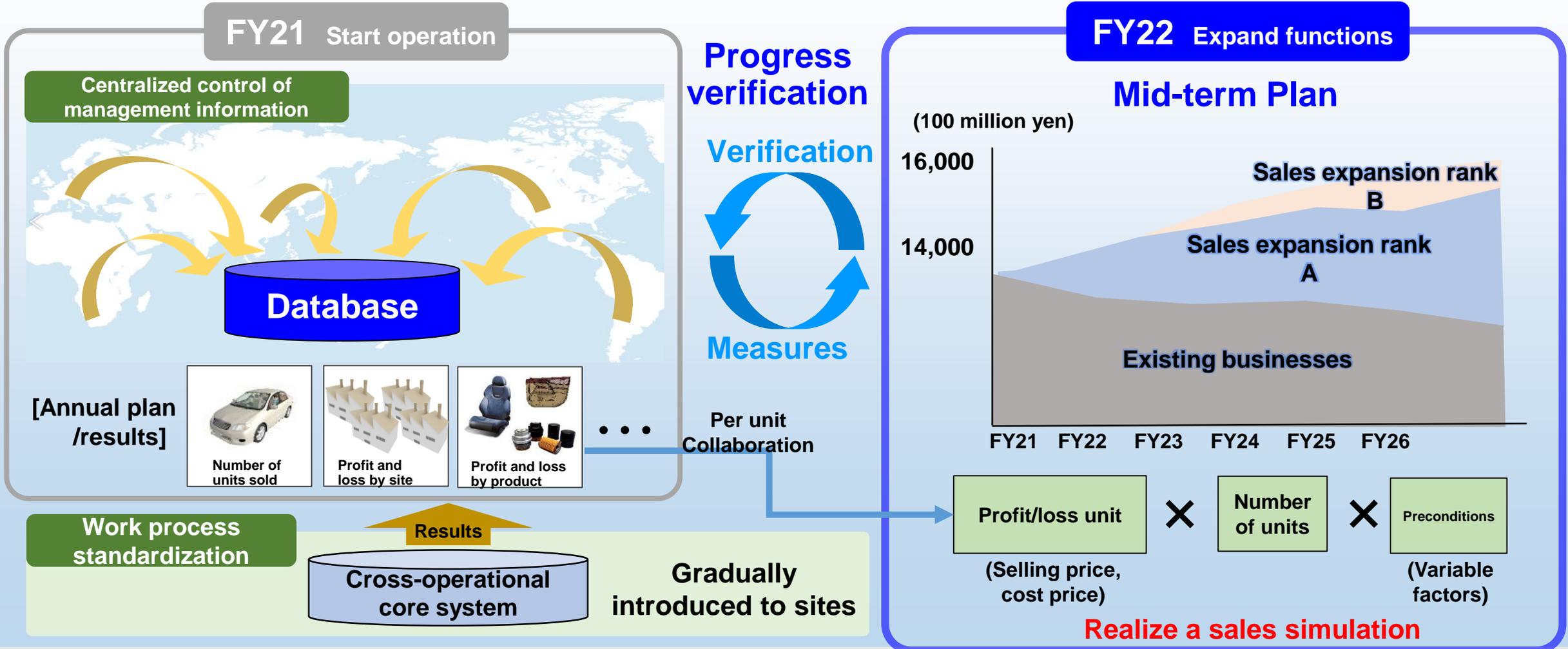
- ◆ Next, I would like to explain about "optimal production and supply systems globally."
- ◆ In addition to BCP, on which we have been continuously working, we will establish a global production and supply structures to respond to changes in business environment flexibly.
- ◆ In Japan, we have been steadily promoting streamlining of production sites, with reduction of four sites in fiscal 2021 and 2 sites this year. We will also expand these actions to affiliates with the aim of maximizing the effect.
- ◆ For door trims in the Americas, we will integrate the injection molding and assembly processes in the Indiana region to the Kentucky region. We will also formulate the implementation plan for integrating the seat frame production in the Illinois region to the Tennessee region, and start specific actions for process restructuring.

4. Actions for FY2022

Action No. 4

Build management information infrastructure

Based on profit/loss unit, formulate a mid-term plan and establish infrastructure for progress verification



- ◆ Next, I would like to explain the “Build management information infrastructure.”
- ◆ So far, we have concentrated and integrated financial information from around the world in a timely manner, and achieved the reduction of lead time in profit and loss by site and the visualization of profit and loss by product.
- ◆ In fiscal 2022, we will improve and expedite our global business management by simulating revenue of a mid-term business plan.

5. FY2022 Targets

Financial Target

※Non-financial targets are currently under review (100 million yen)

	FY22 full-year forecast	FY26 management target
Revenue	14,000	16,000+ α
Operating profit	720	1,000 + α
Operating profit margin	5.1%	6~7%
ROE	13.3%	10% or higher
Equity ratio	41.3%	Around 40%
Net asset	4,060	4,000
Dividend payout ratio	25.4%	Around 30%
Capital Investment	500	(FY22 to 26cumulative total) 2,500+α
R&D costs	420	(FY22 to 26cumulative total) 2,000+α

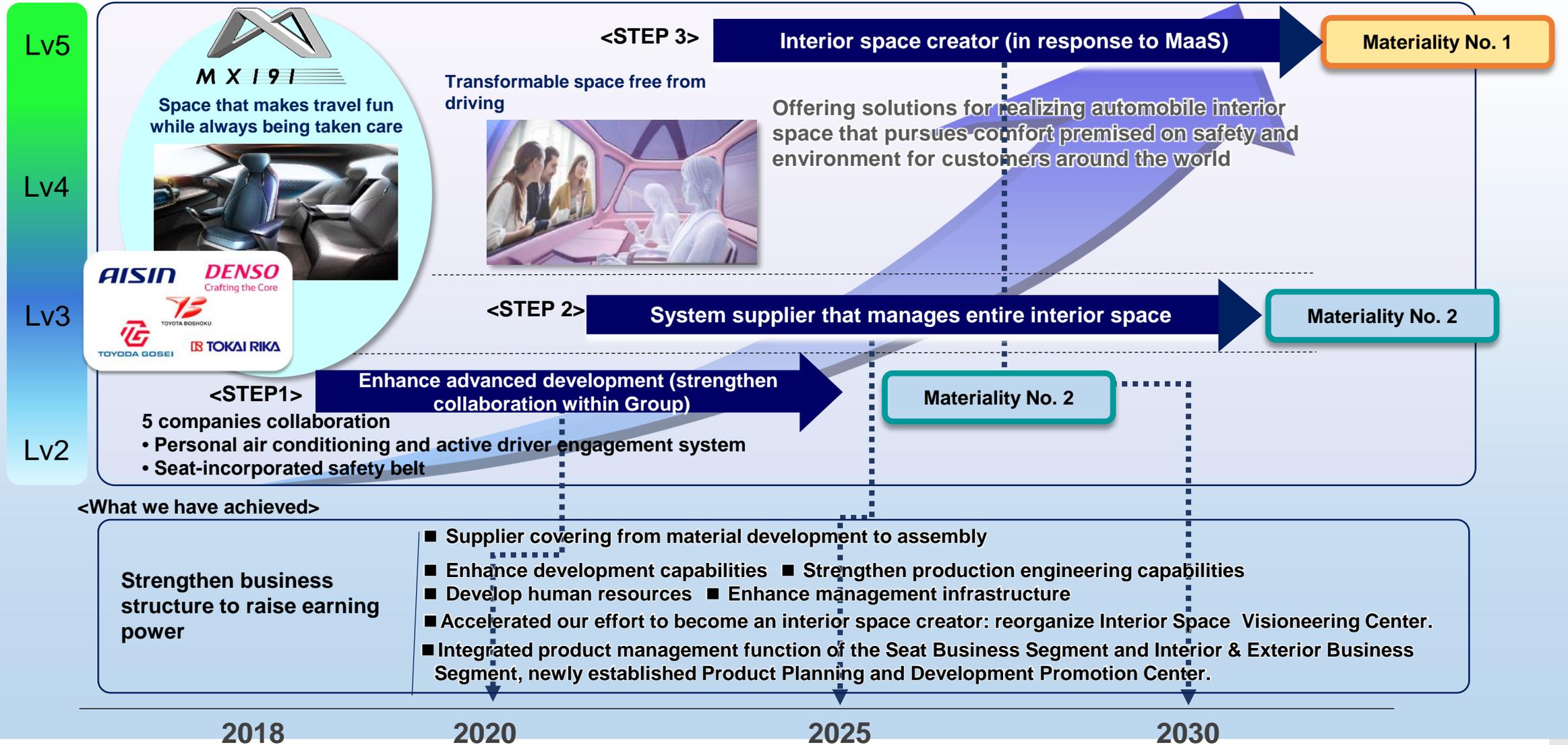
Steadily implement initiatives to achieve targets for FY2021 by leveraging earning power developed through the 2020 Mid-Term Business Plan

- ◆ As financial targets for fiscal year 2022, we estimated net sales of 1,400.0 billion yen, 127.9 billion yen increased from the previous fiscal year, an operating income of 72.0 billion yen, 14.9 billion yen increased from the previous fiscal year, and an operating margin of 5.1%.
- ◆ We will steadily implement actions to ensure that we achieve our targets for fiscal 2021 by leveraging the earning power in fiscal 2021.
- ◆ In addition, we will strive to achieve our management targets for FY2026.

6. Actions in 2025 Mid-term Business Plan

Action No. 1

As an interior space creator, establish a business model leading to further growth of Toyota Boshoku



- ◆ From now on, I will explain our actions for achieving the targets of 2025 Mid-term Business Plan.

First, I will explain the Action No. 1 “As an interior space creator, establish a business model leading to further growth of Toyota Boshoku.”

Aiming to be able to provide a interior space solution in 2030, in fiscal 2022, we will proceed with the development of MX201, an advanced version of MX191, which is the result of collaboration between five Toyota Group companies as Step1.

In Step 2, we plan to present a interior space vision for the MaaS market. At the same time, we will further promote the verification of value in the market for the realization of Step 3.

6. Actions in 2025 Mid-term Business Plan

Action No. 2

Establish a procurement base to strengthen global competitive advantage

Materiality No. 3

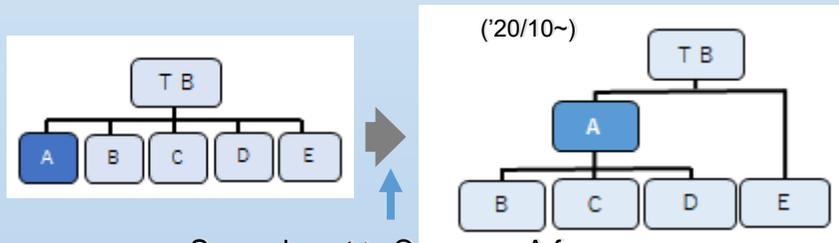
Reforming supply chains : Restructuring supply chains by evaluation and stratification (higher-level SQCD)

Target: Roadmap for 2025



Specific cases

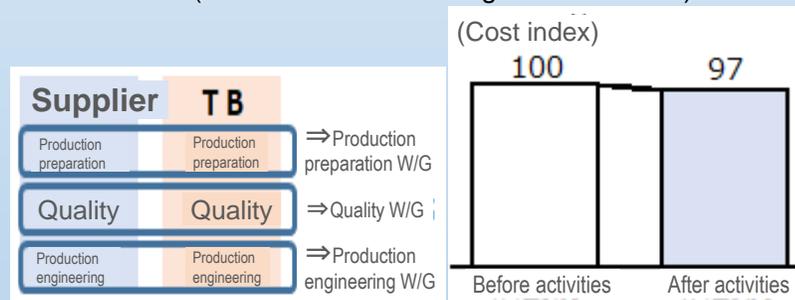
(1) Training core suppliers (cover manufacturers)



Secondment to Company A from each function of TB

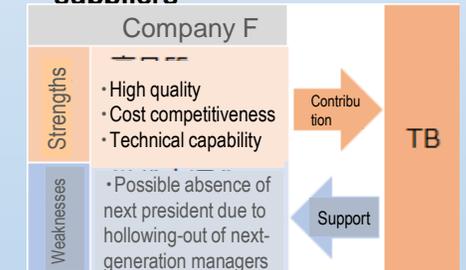
Enhance functions of company A, and develop the company into a core supplier

(2) Supplier structure reform activity (door surface skin rolling manufacturers)



By promoting integrated activities between TB and suppliers, enhance supplier earnings base.

(3) Complement weaknesses of suppliers



Sharing strengths and weaknesses through management meetings, provide support for business succession issue, and develop next-generation managers

- ◆ Next, I would like to explain Action No. 2 “Establish a procurement base to strengthen global competitive advantage.”
- ◆ As the target we aim to achieve in 2025, we will build core supplier groups capable of achieving higher-level SQCD through a reforming of supply chains, and will also develop suppliers that can complement our internal production.
- ◆ Regarding the development of core suppliers, we would like to introduce three activity cases.
 - (1) We are training Company A to become a core supplier that leads other trim cover manufacturers.
 - (2) For door trim surface skin rolling manufacturers, we are working to enhance the supplier earnings base by promoting integrated improvement activities between TB and suppliers.
 - (3) About supporting suppliers with their business succession, we promote activities to develop next-generation managers.

6. Actions in 2025 Mid-term Business Plan

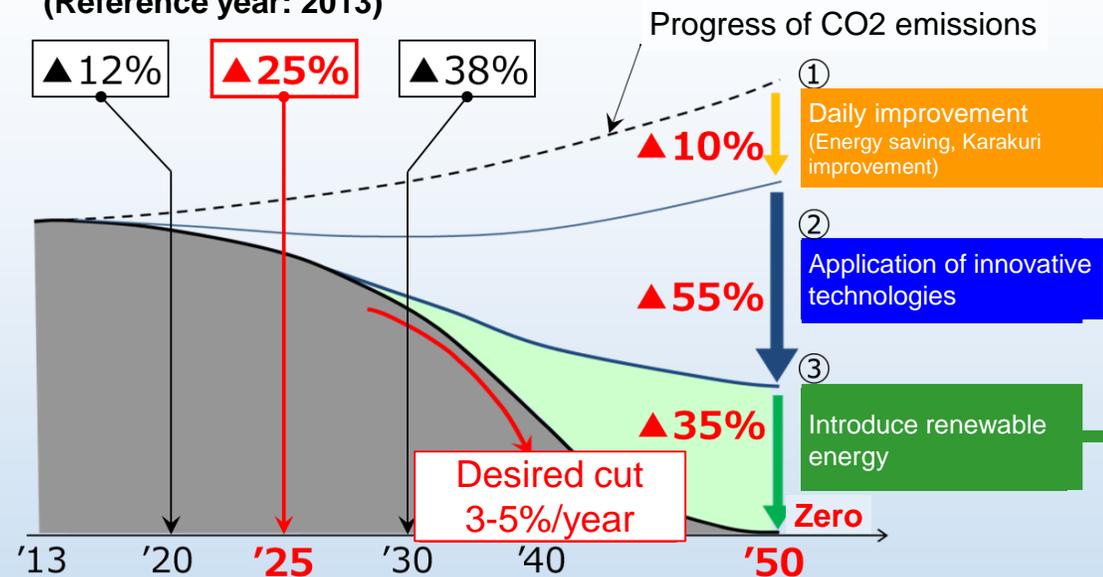
Action No. 3

Minimize environmental burden by promoting MONOZUKURI innovation

Materiality No. 3

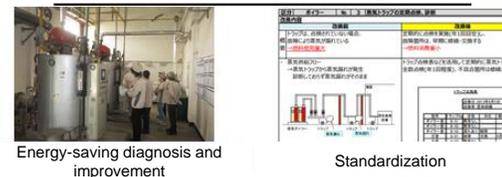
「Actions to carbon neutral」

(1) Reducing Toyota Boshoku Group's CO2 emissions to zero in 2050 (Reference year: 2013)



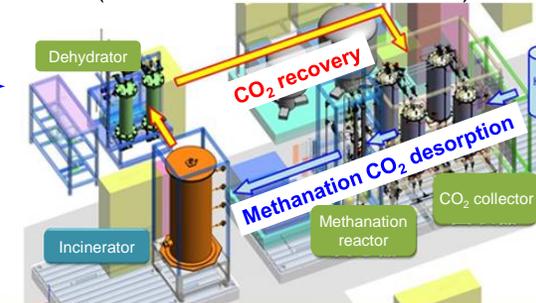
① Promote daily improvement

Promote 40 energy-saving items



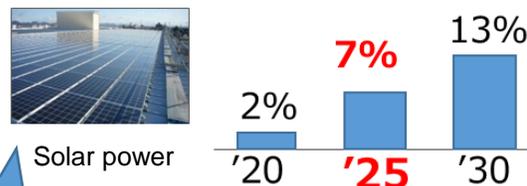
② Application of innovative technologies

CO2 recovery and methanation system experimentation plant (introduction scheduled in 2022)



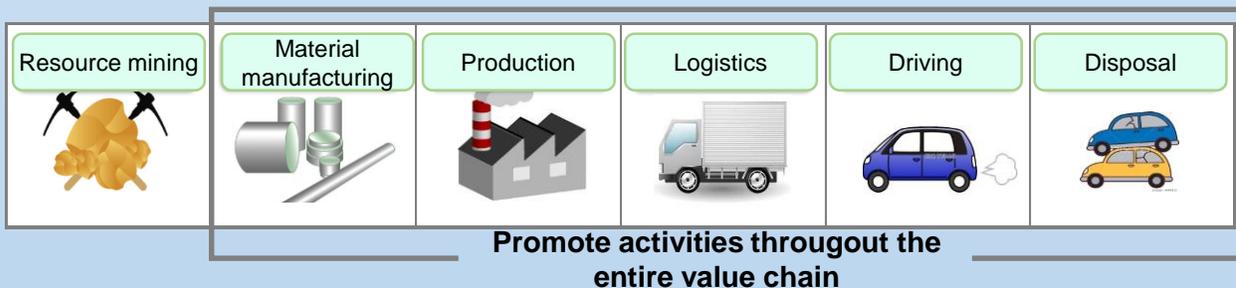
③ Introduce renewable energy

Introduce solar power via PPA*



* PPA: Power Purchase Agreement
A direct agreement between a party that generates electricity and a user

(2) Reducing life cycle CO2 emissions to zero



To be able to respond to the Japanese Government's reduction target for 2030(reduce 46%), we will establish the Carbon Neutral Environment Division, and enhance collaboration with Toyota G, JAMA, and JAPIA, etc.

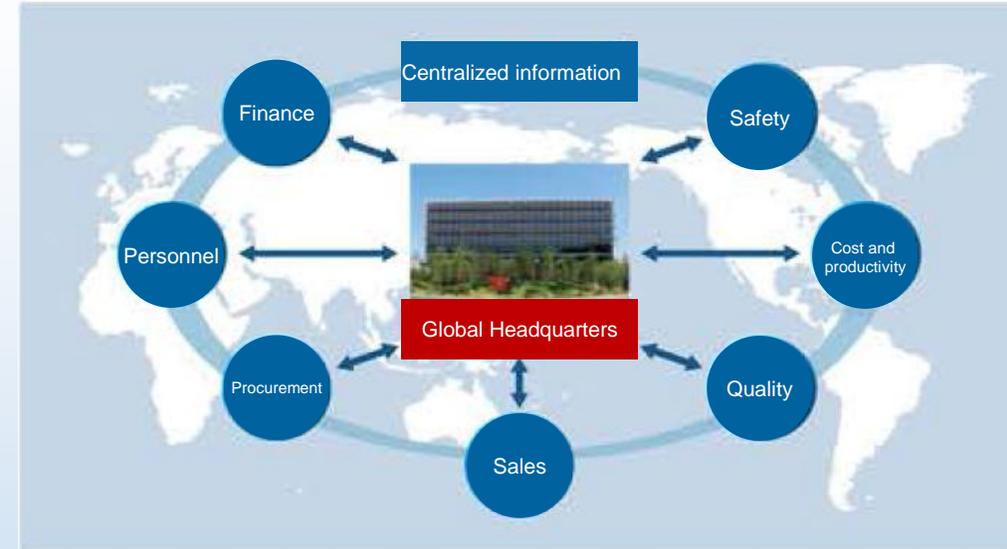
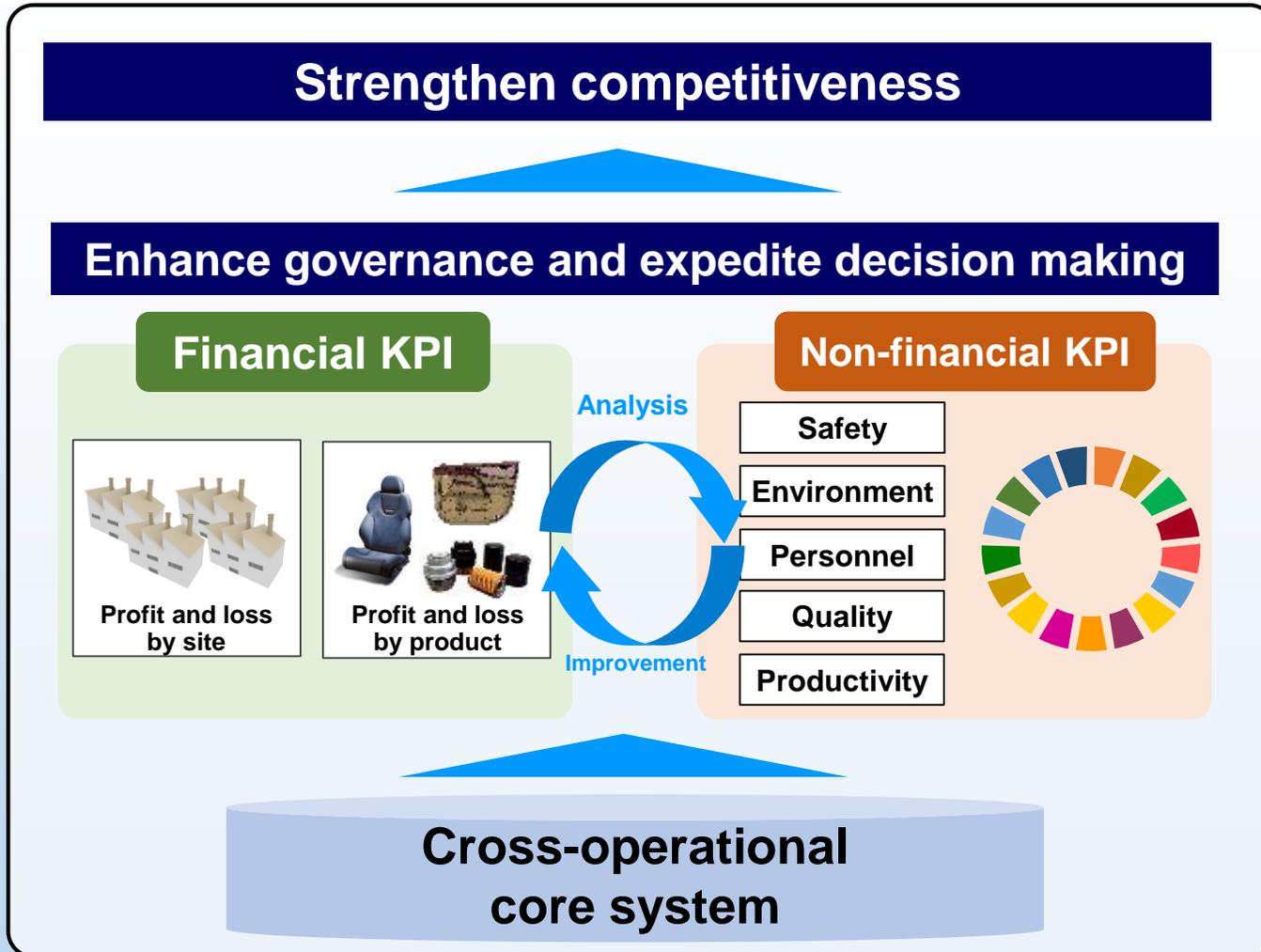
Script

- ◆ Next, I will explain Action No. 3 “Minimize environmental burdens by promoting MONOZUKURI innovation.”
- ◆ We declare in its 2050 Environmental Vision to reduce CO2 emissions to zero, with clear milestone targets of reducing 25% from the fiscal 2014 level in 2026 and 38% in 2031, and will achieve the targets each year.
- ◆ Specific actions for carbon neutral are:
 - ① implementing the Toyota Boshoku’s 40 energy-saving items to promote daily improvement.
 - ② introducing an experimental plant for a CO2 recovery and metalation system as an application of innovative technologies.
 - ③ introducing solar power generation by PPA as an attempt to introduce renewable energy.We are promoting these actions systematically.
- ◆ For reducing life cycle CO2 emissions, we will expand activities from production-centered to the entire value chain.
- ◆ In order to be able to achieve the reduction target for 2031 (-46%), we will establish a Carbon Neutral Environment Division and enhance collaboration with Toyota G, JAMA, and JAPIA, etc.

6. Actions in 2025 Mid-term Business Plan

Action No. 4

Build management information infrastructure



Steadily implement the Mid-term Business Plan by taking speedy actions globally in response to environmental changes.

- ◆ I will explain Action No. 4 “Build management information infrastructure.”
- ◆ By 2026, we will integrate financial and non-financial information and we will aim to halve the lead time from the identification of issues to the implementation of countermeasures by quickly consolidating and analyzing various information on a global basis, which will lead to the steady implementation of the mid-term business plan.

6. Actions in 2025 Mid-term Business Plan

Action No. 5

Improve work quality by implementation of TQM by all employees

Improve work quality (strengthen management foundation)

Organization (capability):
Ability to carry out strategies

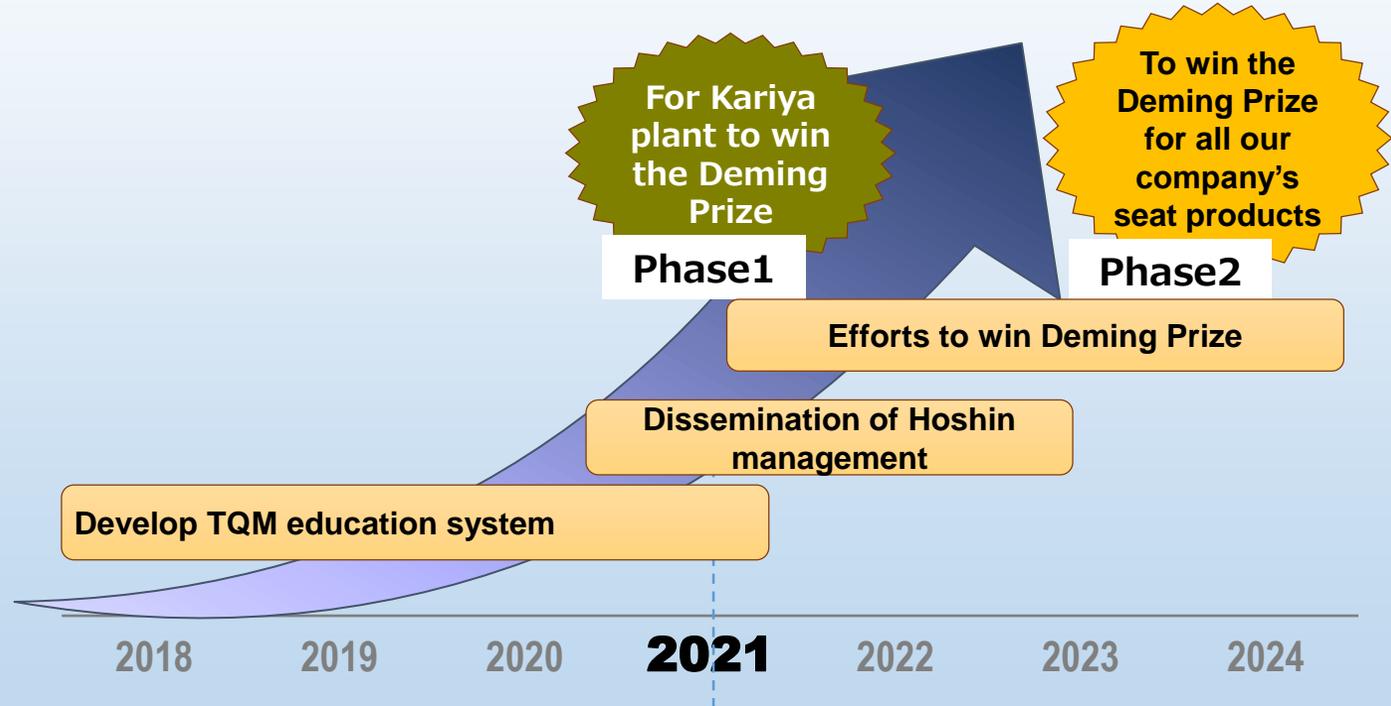
Process:
Procedure for work or manufacturing

People : Skill map
(qualifications, professional abilities)

TQM Philosophy	Full participation	Customer first	Ceaseless improvement
Principles of Toyota	Become single-minded	For society and for people	work honestly and steadily

Materiality No. 4

We will develop people capable of contributing to society, who have diverse values, a challenging spirit, and respect for teamwork.



Improve work quality of all our employees and develop human resources who can work self-efficiently.

- ◆ Next, I will explain "Improve work quality "
- ◆ In preparation for activities to win the Deming Prize, we will strive to "improve work quality" through TQM practices by each and every employee, develop a TQM education system, and strive for penetration of Hoshin management.
- ◆ By doing so, we will change our working way, improve the quality of our work to strengthen the organization, processes, and people that are the foundation of our business.



Open the door, it's a big world outside.

Let's tackle the challenges together
to a new century.

<Disclaimer>

The forecasts relating to future business performance provided in this report are estimates made by the Company based on the information available at the time of reporting, and therefore involve risks and uncertainties.

Accordingly, actual results may differ from the forecasts due to various factors.

Appendix

Appendix1) Status of the Consolidated Statement of Financial Position (Mar.31, 2021)

Current assets

457.5billion yen

506.8billion yen

- Increase in operating receivables due to recovery from lower volume

+49.3

Non-current assets

323.1billion yen

338.9billion yen

- Increase in property, plant and equipment due to the construction of global mainstay hub

+15.7

Assets

845.7 billion yen
(+780.7 billion yen from the previous year)

○ : Compared to the previous year (billion yen)

Liabilities

459.0billion yen

476.1billion yen

- funding to deal with covid-19 outbreak
- Increase in operating payables due to recovery from low volume

+17.1

Equity

321.7billion yen

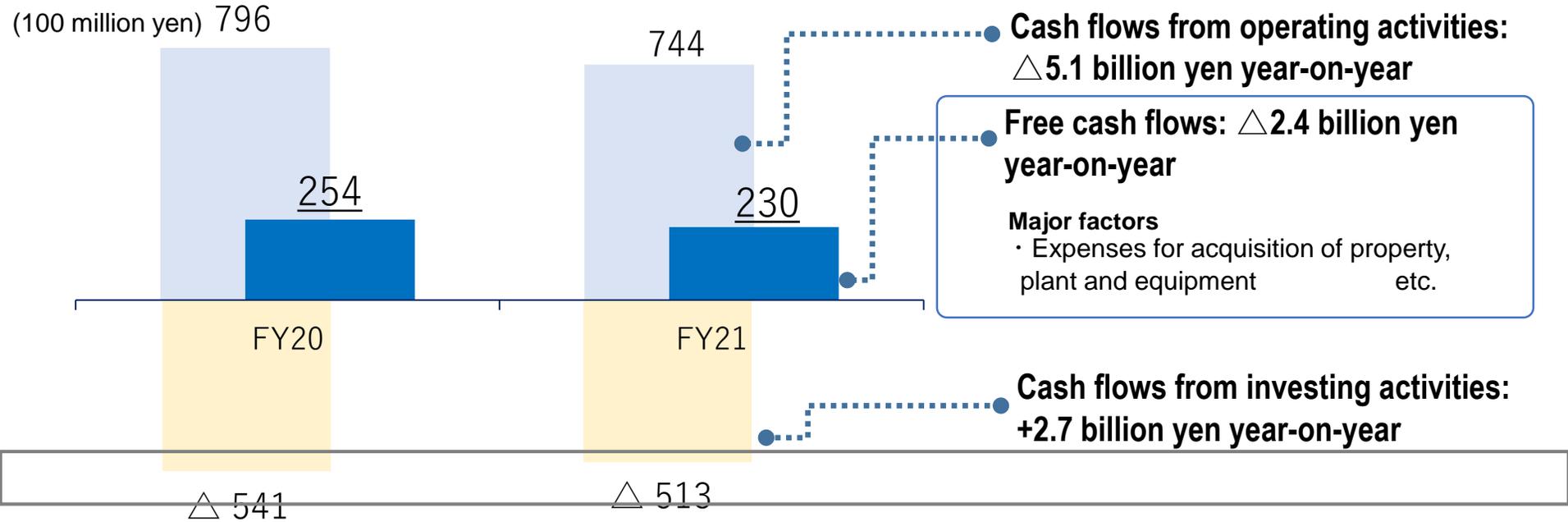
369.6billion yen

+47.9

Total equity attribute to owners of the parent
37.3%

39.6%

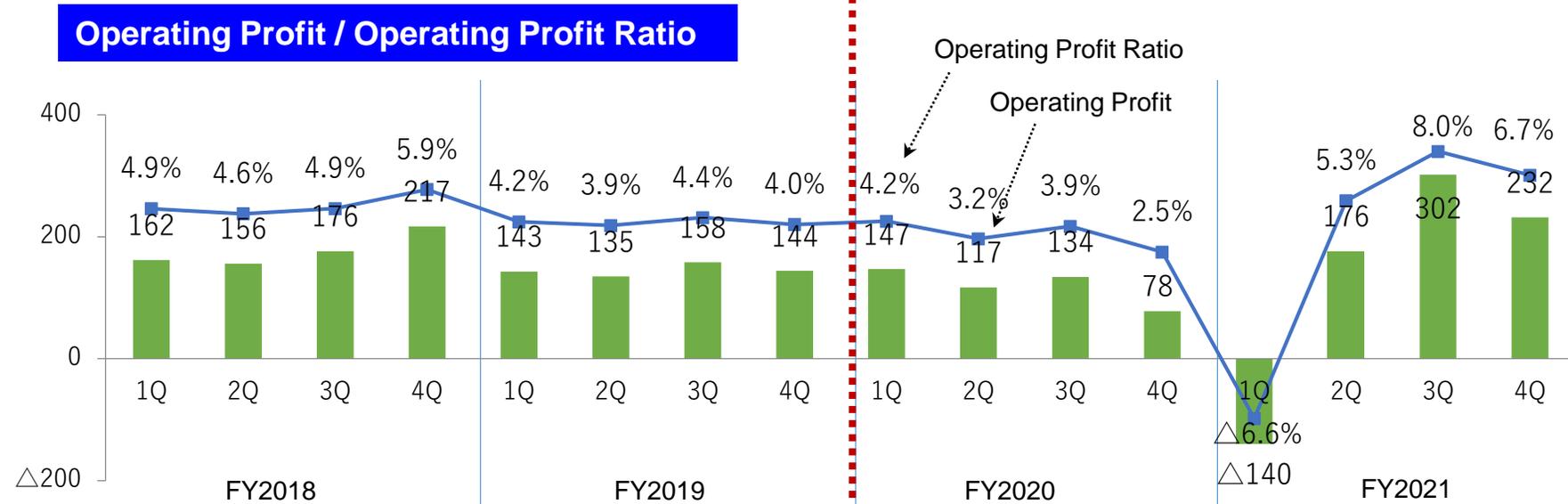
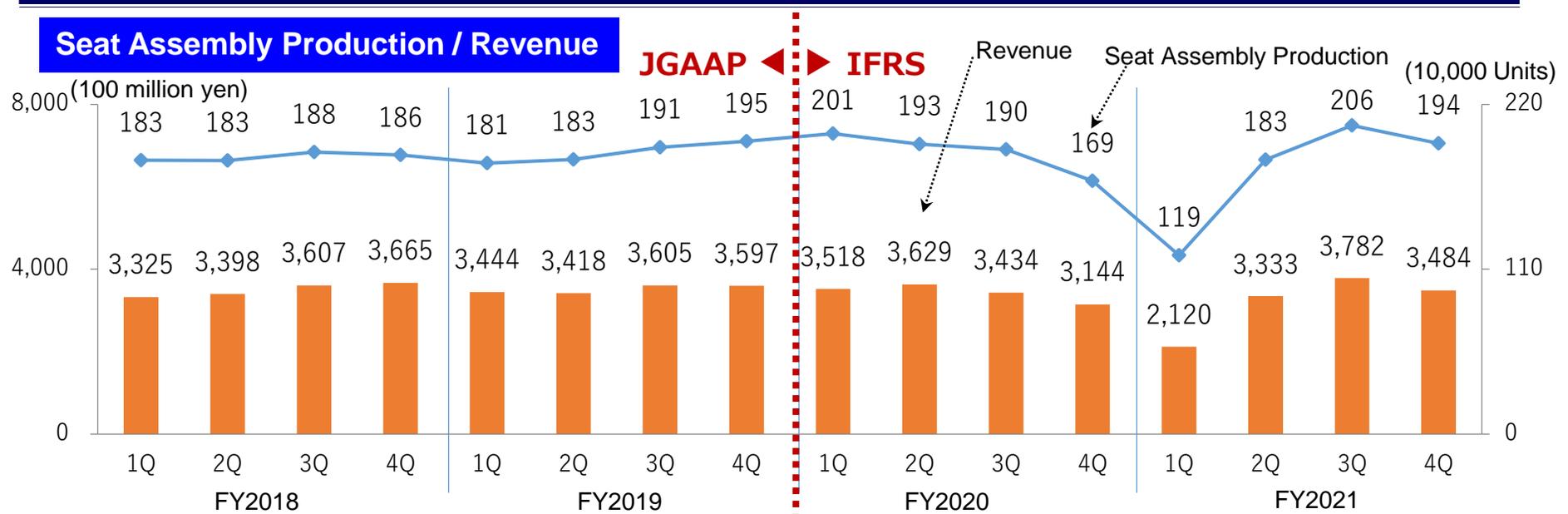
Appendix2) Consolidated Cash Flows



(100 million yen)

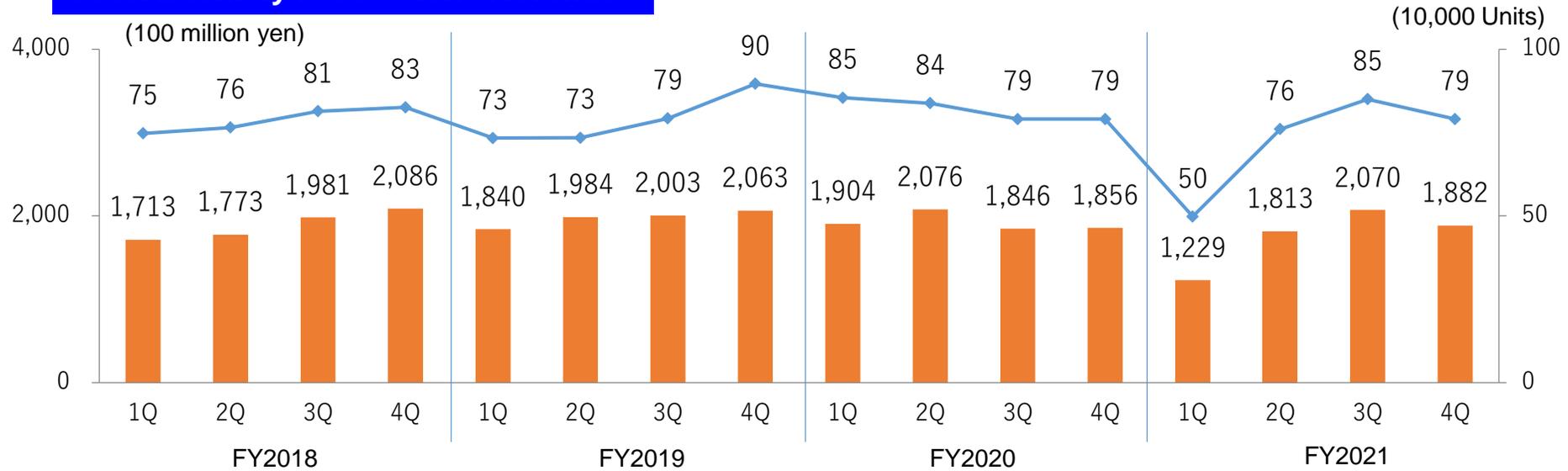
	FY20	FY21	Change
Cash flows from operating activities	796	744	△ 51
Cash flows from investing activities	△ 541	△ 513	27
Free cash flows	254	230	△ 24
Cash flows from financial activities	△ 139	27	167
Impact of foreign exchange	△ 63	59	123
Change in cash and cash equivalents	51	318	266
Balance of cash and cash equivalents	1,633	1,951	318

Appendix3) Quarterly Trends: Consolidated volume, revenue, operating profit, operating profit ratio

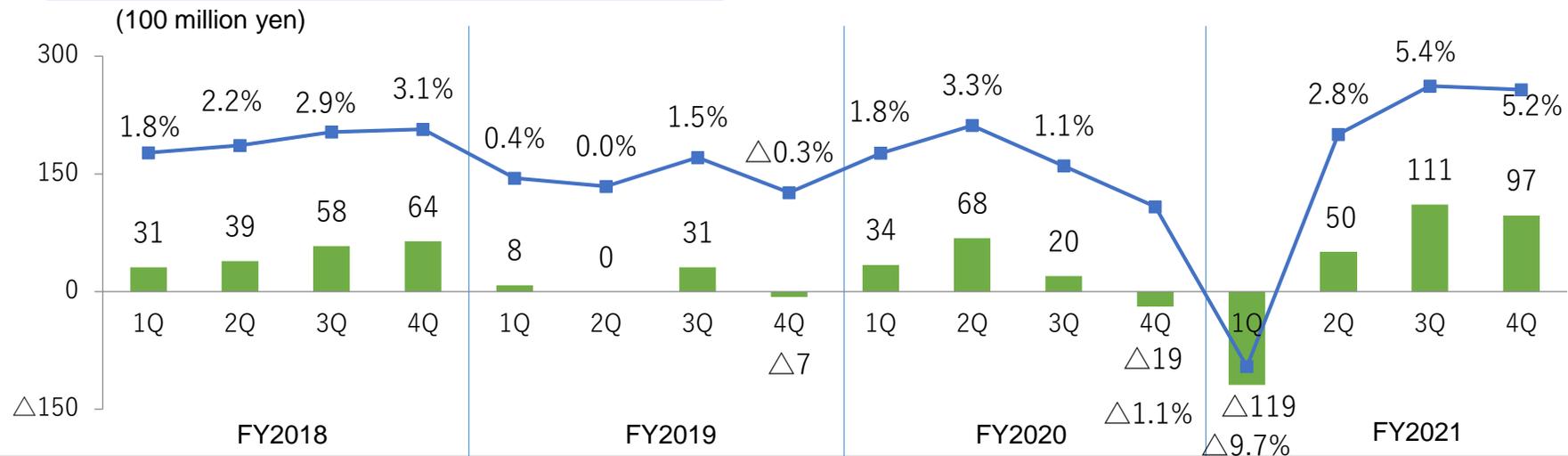


Appendix4) Quarterly Trends: Japan volume, revenue, operating profit, operating profit ratio

Seat Assembly Production / Revenue

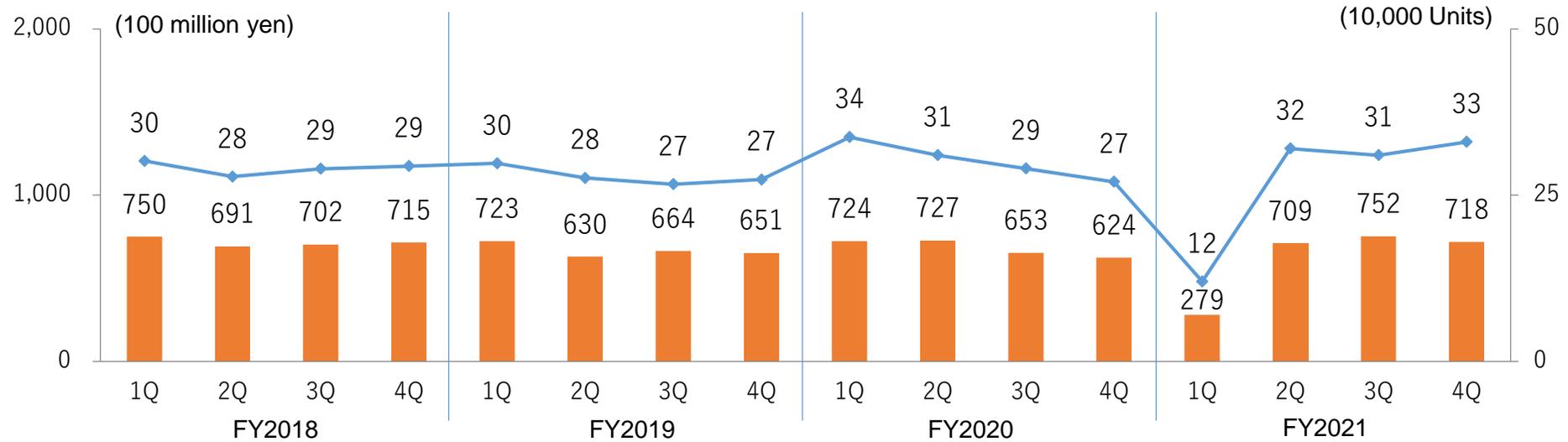


Operating Profit / Operating Profit Ratio

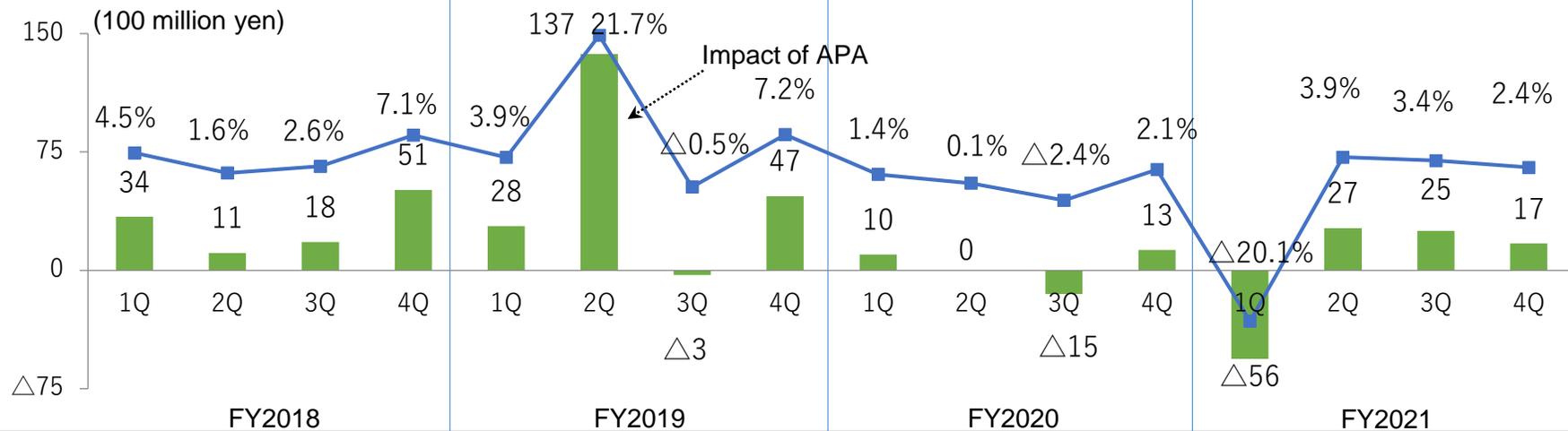


Appendix5) Quarterly Trends: The Americas volume, revenue, operating profit, operating profit ratio

Seat Assembly Production / Revenue

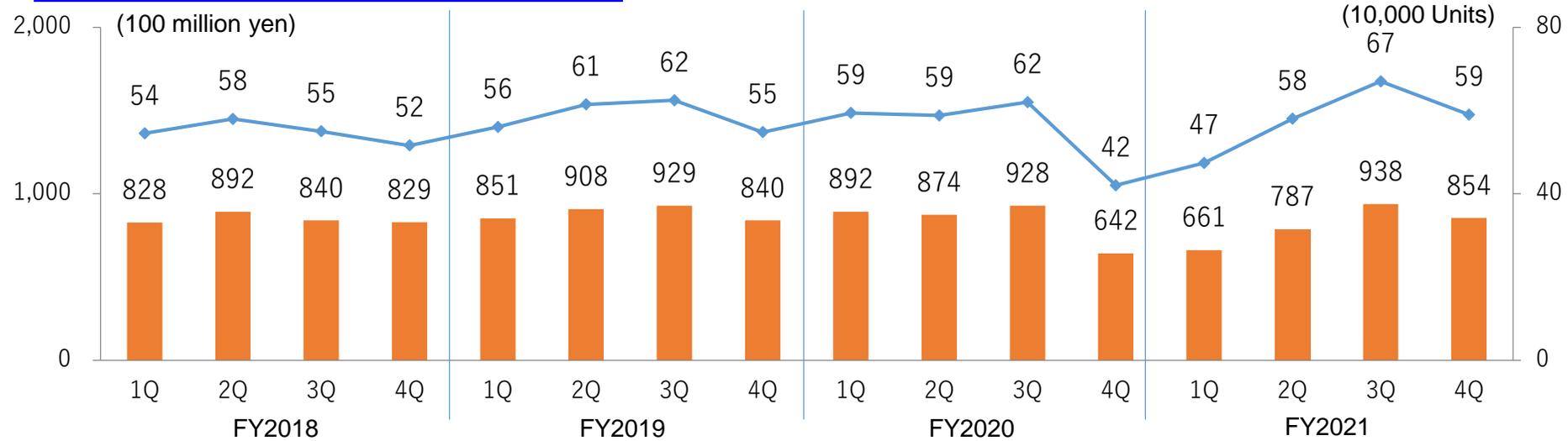


Operating Profit / Operating Profit Ratio

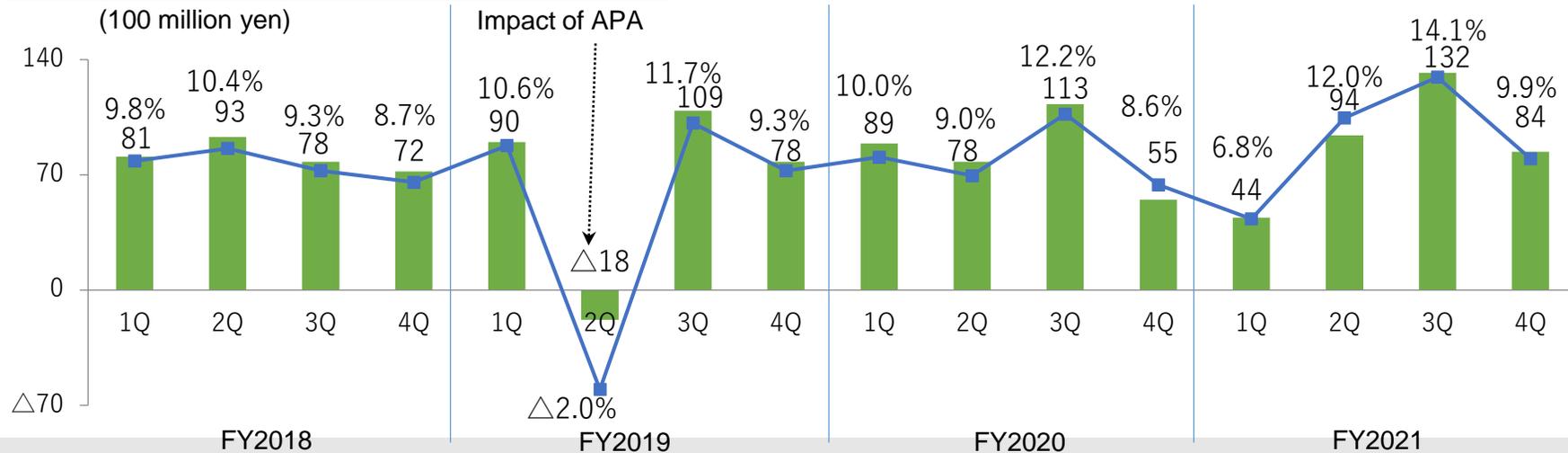


Appendix6) Quarterly Trends: Asia & Oceania volume, revenue, operating profit, operating profit ratio

Seat Assembly Production / Revenue

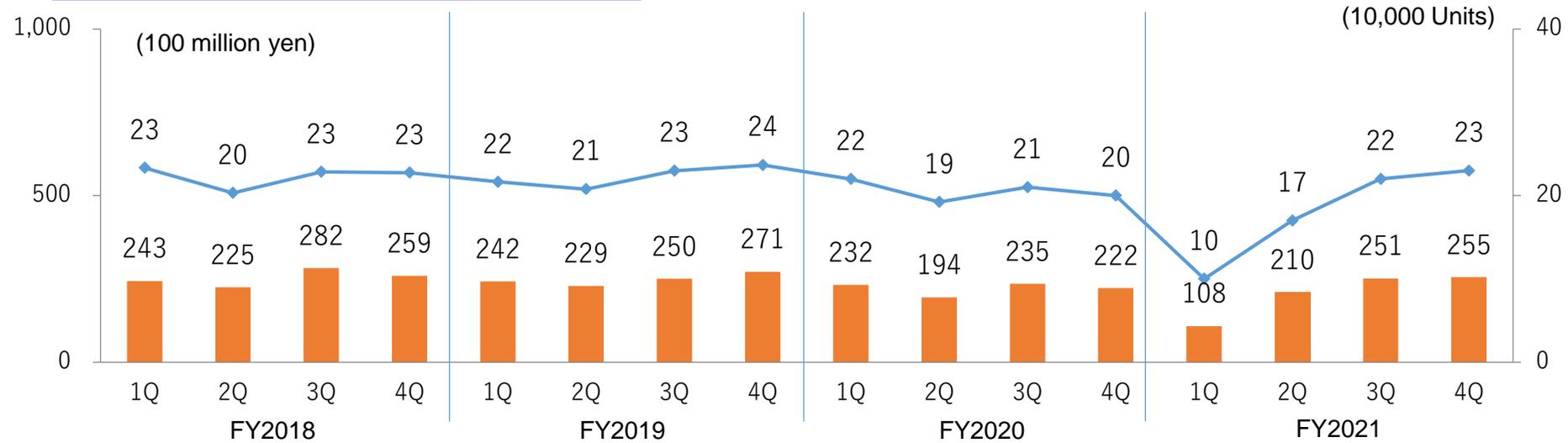


Operating Profit / Operating Profit Ratio



Appendix7) Quarterly Trends: Europe & Africa volume, revenue, operating profit, operating profit ratio

Seat Assembly Production / Revenue



Operating Profit / Operating Profit Ratio

